

{As prepared for delivery}

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**2004 INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL**  
**Thursday March 18, 2004**  
**Omni Shoreham Hotel, Washington D.C.**

- Good morning.
- Thank you for the opportunity to participate in this panel discussion on the economic challenges and opportunities facing communities in rural America.
- 3 years now – I have joined you for your conference.
- This is an area where President Bush, Secretary Veneman and I have devoted a considerable amount of our time and energy everyday. This Administration is committed to the future of rural communities.
- In 2001, Secretary Veneman laid the groundwork for today’s discussion by unveiling basic principles that recognized that while rural policy and agriculture policy are not the same, they must act in tandem to bring economic opportunities to rural communities.
- These principles are key to fulfilling our mission of:
  - Creating economic opportunity, and
  - Improving the quality of life.

Rural Development

- Rural Development is essentially a large investment bank -- with \$86 billion in our portfolio. Last year alone, we invested over \$13 billion in the future of rural America, which will result in creating or saving of over 300,000 jobs.
- Since the beginning of the Bush Administration, USDA Rural Development has provided over \$37 billion in investment financing and assisted with the creation or saving of over 500,000 jobs.

\$8.8 Billion	\$9.5 Billion	\$9.6 Billion	\$10.7 Billion	\$12.8 Billion	\$12.9 Billion
1998	1999	2000	2001	2002	2003

- As the only Federal Organization that can essentially build a town from the ground up through investments in infrastructure, homeownership, and job creation through business development, Rural Development is helping rural Americans achieve the American Dream.
- Rural Development is working to increase the competitive advantage in rural communities.
- Rural Development is working with Federal partners, education and private sector, along with local leaders -- we will help bring economic opportunities to rural communities.
- An example of this scale of collaboration is the model President Bush established with the successful minority homeownership initiative he unveiled two years ago.
- His goal to increase minority homeownership by 5.5 million minority families by 2010 was aggressive and required unprecedented coordination between Federal agencies and the private sector.
- This model has yielded tangible positive results – Since the President announced his initiative in June of 2002, the Census estimates an increase of 1.53 million new minority homeowners.
- To assist communities – Rural Development is:
  - Helping rural communities diversify their economic base;
  - Working to increase the flow of capital to increase homeownership/ and support the development of small businesses;
  - Working to maintain, sustain, and rebuild existing community infrastructure; and
  - Facilitating the developing of the technological infrastructure needed to enable rural America to compete both domestically and globally.

The President introduced into the new economy the Value-added Development Grant program and Renewable Energy and Energy Efficiency System Improvement (9006) two additional programs – programs that further enhance the competitiveness and create jobs.

#### Trade

- To support America’s farmers, ranchers, and rural businesses, the Bush Administration is aggressively seeking trade agreements that level the international playing field for American agriculture and business.

- The primary venue for our trade negotiations is the World Trade Organizations Doha Development Agenda. We remain committed to multilateral trade reform in the well known three pillars: market access, domestic support and export competition.
- To compliment and support our multilateral efforts, we are seeking a number of bilateral and regional trade agreements, from the FTAA for the Western Hemisphere to new negotiations with Thailand, Bahrain, Panama and others.
- The goal is to support substantial reductions in trade barriers, allow greater equity in use of subsidies across world agriculture, and expand market opportunities for competitive producers.
- The importance of trade to our U.S. economy is clear, for every \$1 billion in exports, we create employment opportunities for 15,000 Americans, and in rural America, one-third of all jobs depend on exports.

#### Advantages of doing business in Rural America

- Rural communities can be competitive in recruiting businesses to make commercial investments based on several factors: physical infrastructure; economic infrastructure; and quality of life.

(1)	Physical infrastructure - transportation, communications, site quality, utilities;
(2)	Economic infrastructure - labor, customers, suppliers, financing;
(3)	Quality of life - attributes important to businesses, including crime rate, school quality, climate, culture, recreation, and medical care.

- Commercial investment has been thriving across rural America According to Conway Data, Inc.'s New Plant Database, for the 2000-2002 period the 134 most successful U.S. small towns have hosted a total of 1,500 business start-ups or expansions.
- What has made these communities successful? Generally it is a multitude of factors, from successful leveraging of existing resources, geographic placement such as convenience to transportation modes, skilled workforce, capital and other factors.
- If the community can market their assets, combine or leverage their resources, and establish local leadership to drive their efforts, they can bring new opportunities to their community.
- Communities must partner with institutions, both private and public, to bring a complimentary array of resources to bear that will help build the community's capacity to attract and retain commercial enterprises.

- To support the increase in economic investments in rural America, I am working toward implementation of two important business investment programs: Rural Business Investment Program and a low documentation business and industry guarantee loan program.
- Both which will bring much needed capital to rural communities to support the development of small businesses – and support the President’s efforts to create jobs in rural areas.
- These two programs, along with our ongoing efforts to support value-added agricultural product market development, will increase the opportunities for communities thrive and compete.
- Rural America is at a crossroads. We must be innovative in developing strategies to create economic opportunity. While agriculture once was the sustaining staple in local economies, it no longer provides the stimulus needed for long-term viability. It remains an important element, but no longer the economic driver.
- America’s rural communities will benefit from the development of local leadership that focuses on facilitating access to high-speed telecommunications, workforce development, and access to capital.
- I believe two components to a successful economic development in rural communities comes from 1) diversifying; and 2) development of regional economies.
- We constantly hear that it is not wise to place all of our retirement investment in one stock, mutual or saving fund ----that it is better to diversify --- to allow us to sustain cyclical financial market fluctuations, the same rule should apply to a community that is looking for long-term economic sustainability. The recruitment of commercial investments should be balanced; it should bring stability to the local economy.
- Dr. David Sampson of the Economic Development Administration testified last year before the House Committee on Small Business regarding the importance of building regional economies, where innovation thrives, wages are higher, productivity increases and rates of business formations are expanding. If a community neither has the critical mass or the resources to develop the diversity, it is incumbent upon them to look for solutions that may reach beyond their local community, to a more regional approach to economic development.

Close

- Let me close by sharing with you my belief that rural America has many opportunities to not only survive, but to thrive.
- Rural Development is firmly committed to the future of rural communities, and it is our desire to work in partnership with other Federal agencies, and private and public organizations like the IEDC to support a strong economy and a brighter future for rural America.
- Thank you.